

# Foothill Family Service

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## Financial Statements

For the Years Ended June 30, 2008 and 2007

and

## Independent Accountant's Report

DATE RECEIVED:



AUDIT REVIEW #(s) 04327

Assigned To: Mount

Date Reviewed: \_\_\_\_\_

Reviewer's Initials: \_\_\_\_\_

Date Review(s) Completed: \_\_\_\_\_

**Foothill Family Service**  
**Financial Statements**  
**For the Years Ended June 30, 2008 and 2007**

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## ROGER A. BROWN & COMPANY

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Roger A. Brown C.P.A.

Scott S. Brown C.P.A.

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### Independent Auditor's Report

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Board of Directors  
Foothill Family Service

We have audited the accompanying statements of financial position of Foothill Family Service as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of Foothill Family Service. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foothill Family Service as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2008, on our consideration of Foothill Family Service's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Foothill Family Service taken as a whole. The combined statements of functional expenses are presented for purposes of additional analysis. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These additional schedules are not required as part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in dark ink, appearing to read "Roger A. Brown & Co". The signature is fluid and cursive, with a large initial "R" and a stylized "A".

Roger A. Brown & Company  
Pasadena, California  
October 31, 2008

**Foothill Family Service**  
**Statements of Financial Position**  
**June 30, 2008 and 2007**

<b>Assets</b>		
	<b>2008</b>	<b>2007</b>
Current assets:		
Cash	2,195,305	1,319,848
Investments (Note 2)	1,245,472	1,312,354
Receivables, net (Note 3)	764,769	623,222
Promises to give	130,396	103,440
Prepaid expenses and other current assets	122,204	61,593
Total current assets	4,458,146	3,420,457
 Promises to give	 50,000	 75,000
 Receivables due from Los Angeles County Department of Mental Health	 1,841,873	 1,841,873
 Property and equipment, net (Note 4)	 2,472,741	 2,596,077
Total assets	8,822,760	7,933,407

<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	1,613,215	873,563
Accrued and other current liabilities (Note 5)	1,003,765	904,246
Total current liabilities	2,616,980	1,777,809
 Net assets:		
Unrestricted	5,610,205	5,587,326
Temporarily restricted (Note 6)	219,399	193,125
Permanently restricted	376,176	375,147
Total net assets	6,205,780	6,155,598
Total liabilities and net assets	8,822,760	7,933,407

The accompanying notes are an integral part of the financial statements.

**Foothill Family Service**  
**Statements of Activities**  
**For the Years Ended June 30, 2008 and 2007**

<b>Changes in unrestricted net assets:</b>	<b>2008</b>	<b>2007</b>
<b>Public support:</b>		
Contributions	729,638	765,511
Special events	222,279	264,678
United Way	50,000	99,617
Total public support	1,001,917	1,129,806
<b>Revenues and other income:</b>		
Program service fees and contract reimbursements	11,696,195	9,472,009
Investment income	(6,042)	201,154
Total revenues and other income	11,690,153	9,673,163
Total public support, revenues, and other income	12,692,070	10,802,969
<b>Net assets released from restrictions:</b>		
Satisfaction of program restrictions	93,120	71,000
Total net assets released from restrictions	93,120	71,000
Total unrestricted revenues and support	12,785,190	10,873,969
<b>Expenses:</b>		
<b>Program services and contract costs</b>	12,245,260	10,085,020
<b>Support services:</b>		
Management and general	75,487	63,487
Fundraising	441,079	391,229
Total support services	516,566	454,716
Total program services, contract costs and support services	12,761,826	10,539,736
Increase in unrestricted net assets	23,364	334,233
<b>Changes in temporarily restricted net assets:</b>		
Program contributions not expended during year	118,938	161,690
Net assets released from restrictions	(93,120)	(71,000)
Increase in temporarily restricted net assets	25,818	90,690
<b>Changes in permanently restricted net assets:</b>		
Contributions	1,000	10,000
Increase in permanently restricted net assets	1,000	10,000
Increase in net assets	50,182	434,923
Net assets, beginning of year	6,155,598	5,720,675
Net assets, end of year	6,205,780	6,155,598

The accompanying notes are an integral part of the financial statements.

**Foothill Family Service**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2008 and 2007**

<b>Cash flows from operating activities:</b>	<b>2008</b>	<b>2007</b>
Increase in net assets	50,182	434,923
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation expense	184,868	203,563
(Income) loss from investments	137,925	(50,342)
Provision for doubtful accounts	(1,870)	3,470
(Increase) decrease in:		
Receivables	(141,633)	(234,714)
Prepaid expenses and other current assets	(60,611)	10,972
Increase (decrease) in:		
Accounts payable	739,652	(18,558)
Accrued and other current liabilities	99,519	136,385
Total adjustments	957,850	50,776
Net cash provided (used) by operating activities	1,008,032	485,699
<b>Cash flows from investing activities:</b>		
Purchase of investments	(74,014)	(374,788)
Proceeds from sale of investments	2,971	211,652
Purchase of property and equipment	(61,532)	(47,907)
Net cash used by investing activities	(132,575)	(211,043)
Net increase (decrease) in cash	875,457	274,656
Cash at beginning of year	1,319,848	1,045,192
Cash at end of year	2,195,305	1,319,848
<b>Supplemental disclosures of cash flow information:</b>		
<i>Cash paid during year for:</i>		
Interest (net of amount capitalized)	-	-
Income taxes	-	-

The accompanying notes are an integral part of the financial statements.

# **Foothill Family Service**

## **Notes to the Financial Statements**

### **1. Summary of significant accounting policies**

This summary of significant accounting policies of Foothill Family Service is presented to assist in understanding the Agency's financial statements.

#### ***Nature of the Agency***

Foothill Family Service is a California nonprofit corporation providing mental health, counseling and social services to San Gabriel Valley residents since 1926. A Board of Directors, composed of members from the local community, has the responsibility to ensure that the Agency conducts activities related to its tax-exempt function.

#### ***Basis of accounting***

The financial statements of Foothill Family Service have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

#### ***Fund accounting***

The accounts of the Agency are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. In accordance with SFAS No. 117, fund balances are classified on the statements of financial position as unrestricted, temporarily restricted, or permanently restricted net assets based on the absence or existence and type of donor imposed restrictions.

#### ***Cash and cash equivalents***

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

#### ***Credit risk***

Financial instruments, which potentially subject the Agency to concentrations of credit risk, consist primarily of cash and investments and trade receivables. The Agency places its cash and investments with high credit quality institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. Concentrations of credit risk with respect to trade receivables are limited due to the Agency's dealings with government entities on a contractual basis.



## **Foothill Family Service**

### **Notes to the Financial Statements**

#### **1. Summary of significant accounting policies (continued)**

##### ***Investments***

Investments are composed of mutual funds investing in debt and equity securities and are carried at fair value.

##### ***Promises to give/contributions***

Contributions are recognized when the donor makes an unconditional promise to give to the Agency. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Agency uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

##### ***Property and equipment***

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

##### ***Estimates***

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

##### ***Donated services, materials and facilities***

The Agency recognizes donated services, materials and facilities that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

# Foothill Family Service

## Notes to the Financial Statements

### 1. Summary of significant accounting policies (continued)

#### *Third party reimbursements*

Program service fees and contract reimbursements, including retroactive adjustments under reimbursement agreements, are reported at the estimated net realizable amounts from third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods, as final settlements are determined.

#### *Income tax status*

Foothill Family Service is classified as a Section 501(c)(3) agency under the Internal Revenue Code of 1986 and Section 23701(d) of the California Revenue and Taxation Code. However, income from certain activities not directly related to the Agency's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Agency qualifies for the charitable contribution deduction under section 170(b)(1)(A) and has been classified as an Agency that is not a private foundation.

#### *Allocated expenses*

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Combined Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services provided.

### 2. Investments

Investments at June 30, 2008 and 2007, consist of the following:

	<b>2008</b>	<b>2007</b>
Unrestricted net assets		
American Funds American Balanced Fund	304,625	388,263
American Funds Income Fund of America	181,221	204,759
American Funds Cash Management	383,479	369,185
Permanently restricted net assets		
American Funds American Balanced Fund	376,147	350,147
	<u>1,245,472</u>	<u>1,312,354</u>

Included in the Statements of Activities are unrealized gains (losses) from investments of \$(140,898) and \$90,168 for the years ended June 30, 2008 and 2007.

# Foothill Family Service

## Notes to the Financial Statements

### 3. Receivables

Following is a summary of receivables at June 30, 2008 and 2007:

	<b>2008</b>	<b>2007</b>
Patient receivables	8,991	11,634
Contract receivables	758,468	615,248
Victim witness receivables	8,210	9,110
	<u>775,669</u>	<u>635,992</u>
Less: Allowance for uncollectible accounts	(10,900)	(12,770)
	<u><u>764,769</u></u>	<u><u>623,222</u></u>

### 4. Property and equipment

The following is a summary of property and equipment - at cost, less accumulated depreciation at June 30, 2008 and 2007:

	<b>2008</b>	<b>2007</b>
Land	1,126,650	1,126,650
Buildings and improvements	2,875,919	2,868,379
Furniture and fixtures	1,131,913	1,077,921
	<u>5,134,482</u>	<u>5,072,950</u>
Less: Accumulated depreciation	(2,661,741)	(2,476,873)
	<u><u>2,472,741</u></u>	<u><u>2,596,077</u></u>

Depreciation expense charged to operations was \$184,868 and \$203,563 for the years ended June 30, 2008 and 2007, respectively.

The useful lives of property and equipment for purposes of computing depreciation are:

Buildings and improvements	10-40 years
Furniture and fixtures	5-10 years

# Foothill Family Service

## Notes to the Financial Statements

### 5. Accrued and other current liabilities

Following is a summary of accrued and other current liabilities at June 30, 2008 and 2007:

	<b>2008</b>	<b>2007</b>
Accrued payroll, compensated absences, and related taxes	944,700	756,408
Deferred revenue	28,591	-
Accrued contractual allowances (Note 10)	1,227	120,721
Other current liabilities	29,247	27,117
	<u>1,003,765</u>	<u>904,246</u>

### 6. Temporarily restricted net assets

Following is a summary of remaining net asset balances temporarily restricted for use in program and the capital campaign at June 30, 2008 and 2007:

	<b>2008</b>	<b>2007</b>
Program restrictions	210,417	178,273
Capital campaign restrictions	8,982	14,852
	<u>219,399</u>	<u>193,125</u>

### 7. Leases

The Agency leases three facilities under noncancelable operating lease agreements. Future minimum lease payments for all leases with initial terms of one year or more are as follows at June 30, 2008:

Year ending June 30,	<b>Amount</b>
2009	537,590
2010	570,156
2011	593,243
2012	617,339
2013	465,594
Thereafter	485,866
	<u>3,269,788</u>

Rental expense on all operating leases for the years ended June 30, 2008 and 2007 was \$448,659 and \$382,854, respectively.

## Foothill Family Service

### Notes to the Financial Statements

#### 7. Leases (continued)

Following is a summary of renewal options for all operating leases having initial lease terms in excess of one year at June 30, 2008:

Description of Property	Minimum Annual Rental	Expiration Date	Renewal Term
Facility lease - Duarte	Fair market rent	February 2014	6 years

The facility operating leases in Duarte, Pasadena and West Covina contain annual rent escalations of 3.5%, 4% and 5%, respectively.

#### 8. Retirement plan

The Agency sponsors a noncontributory defined contribution pension plan that covers all full time employees with more than one year of service. Contributions to the plan are based on a percentage of gross wages. For 2008 and 2007, the total pension expense was \$324,153 and \$213,813, respectively.

#### 9. Concentrations

The Agency received contract revenue from three funding sources during the years ended June 30, 2008 and 2007, which constituted 74% and 71% of total revenue, respectively.

#### 10. Contingencies

The Agency has received state and federal funds for specific purposes that are subject to compliance requirements. They are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, it is believed that the Agency has sufficient reserves so that any required reimbursements will not have a material effect on the financial statements. At June 30, 2008 and 2007, the accrued contractual allowance total is \$1,227 and \$120,721, respectively.

#### 11. Unused financing commitments

At June 30, 2008, the Agency had \$1,395,000 unused lines of credit with a bank to be drawn upon as needed, with interest at .5% above the prime rate.

# Foothill Family Service

## Support

The accompanying notes are an integral part of the financial statements.

**Foothill Family Service**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2008**

Federal Grantor / Pass - Thru Grantor / Program Title	Federal CFDA #	Agency or Pass-thru #	Federal Expenditures
<b>Federal awards</b>			
<i>Department of Health &amp; Human Services:</i>			
State of California - Department of Public Health			
Adolescent Family Life *	93.994	05-45110	367,693
Community Challenge Grant	93.558	05-45267	201,972
County of Los Angeles			
Cal - Learn *	93.561	75822	818,041
CalWORKs	93.558	50138	300,659
Community Services Block Grant	93.569	CK35191	19,859
City of Duarte			
Community Challenge Grant	93.558		32,327
Total Department of Health and Human Services			<u>1,740,551</u>
<i>Department of Justice:</i>			
State of California - Office of Emergency Services (Note 2)			
Child Abuse Treatment *	16.575	AT05021155	24,183
Child Abuse Treatment *	16.575	AT06031155	75,464
Child Abuse Treatment *	16.575	AT07041155	147,045
Office of Justice Programs	16.541	2006JLFX0124	9,680
Total Department of Justice			<u>232,189</u>
Total expenditures of federal awards			<u><u>1,972,740</u></u>

\* Denotes a major federal program

**Foothill Family Service**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2008**

**1. Accounting policies**

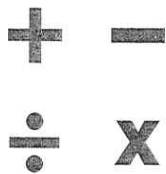
The accompanying schedule of expenditures of federal awards is a summary of the activity of the Agency's federal award programs on the accrual basis of accounting and, accordingly, reflects all significant receivables, payables, and other liabilities.

**2. Office of Emergency Services**

The Office of Emergency Services grant is funded 80% by the Department of Justice, with a 20% match by the Agency. The Agency met the required match for each year. During the year ended June 30, 2008, the grant expenditures by cost category for the Office of Emergency Services grant are as follows:

	<b>AT05021155</b>	<b>AT06031155</b>	<b>AT07041155</b>
Personal services	-	55,641	162,073
Operating expenses	3,289	19,823	21,734
Equipment	26,935	-	-
Total	30,224	75,464	183,807
Less: Agency participation			
Personal services	-	-	(36,762)
Operating expenses	(143)	-	-
Equipment	(5,898)	-	-
Prior year matching funds	(4)	(15,093)	-
Net federally funded expenditures	24,179	60,371	147,045





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### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Foothill Family Service

We have audited the financial statements of Foothill Family Service as of and for the year ended June 30, 2008, and have issued our report thereon dated October 31, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### ***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered Foothill Family Service's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Foothill Family Service's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

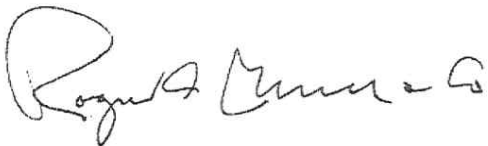
A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Foothill Family Service's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

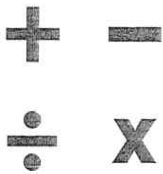
This report is intended solely for the information and use of the Board of Directors, management, others within Foothill Family Service and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink, appearing to read "Roger A. Brown & Co". The signature is fluid and cursive, with a large initial "R" and a stylized "A".

Roger A. Brown & Company

Pasadena, California

October 31, 2008



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Scott S. Brown C.P.A.

### **REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Foothill Family Service

#### ***Compliance***

We have audited the compliance of Foothill Family Service with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Foothill Family Service's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Foothill Family Service's management. Our responsibility is to express an opinion on Foothill Family Service's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Foothill Family Service's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Foothill Family Service's compliance with those requirements.

In our opinion, Foothill Family Service complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

### ***Internal Control Over Compliance***

The management of Foothill Family Service is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Foothill Family Service's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within Foothill Family Service and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink, appearing to read "Roger A. Brown". The signature is fluid and cursive, with a large initial "R" and a stylized "B".

Roger A. Brown & Company

Pasadena, California

October 31, 2008

**Foothill Family Service**  
**Summary Schedule of Prior Year Audit Findings**  
**For the Year Ended June 30, 2008**

None

**Foothill Family Service**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2008**

***A. Summary of audit results***

1. The auditor's report expresses an unqualified opinion on the financial statements of Foothill Family Service.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Foothill Family Service were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Foothill Family Service expresses an unqualified opinion.
6. No audit findings relative to the major federal award programs were disclosed during the audit of Foothill Family Service.
7. The programs tested as major programs included:

Cal-Learn	93.561	75822
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1. The threshold for distinguishing Type A and B programs was \$300,000.
2. Foothill Family Service was determined to be a low-risk auditee.

***B. Findings – financial statement audit***

None

***C. Findings and questioned costs – major federal awards programs audit***

None